

# SENATE BILL REPORT

## SB 5743

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As Reported By Senate Committee On:  
Economic Development, Trade & Management, February 7, 2007  
Ways & Means, February 19, 2007

**Title:** An act relating to linking economic clusters and quality management practices to customized training.

**Brief Description:** Linking economic clusters and quality management practices to customized training.

**Sponsors:** Senators Kastama, Kilmer and Shin.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Management: 2/07/07 [DPS-WM].  
Ways & Means: 2/14/07, 2/19/07 [DP2S].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

**Majority Report:** That Substitute Senate Bill No. 5743 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Kilmer, Vice Chair; Zarelli, Ranking Minority Member; Clements, Kauffman and Shin.

**Staff:** Jack Brummel (786-7428)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Second Substitute Senate Bill No. 5743 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Rasmussen, Roach, Rockefeller, Schoesler and Tom.

**Staff:** Tim Yowell (786-7435)

**Background:** The Job Skills Program was created by the Legislature in 1983 to provide customized job training to meet the needs of employers while serving dislocated and disadvantaged individuals. Customized training helps ensure that new and existing businesses can employ highly-skilled workers and that trainees have jobs. Forty-seven states have

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customized training programs and the typical state invests \$3.50 per worker in customized training. Washington invests 84 cents per worker, and ranks 44th in per capita spending.

The Workforce Training and Education Coordinating Board found in 2004 that training through the Job Skills Program was associated with a 10 percent increase in worker's earnings. During the current biennium \$3 million in employer training requests, to train 2,100 workers, could not be funded due to budget constraints. Applying the 2004 finding, the earnings of these workers would have increased by approximately \$6,780,000 during the first year after training.

**Summary of Bill:** It is state policy to ensure that skill training programs are closely linked to cluster and industry specific public investments.

The State Board for Community and Technical Colleges is to: (1) develop additional mechanisms for identifying and reaching out to firms with a strong potential to be globally competitive after participating in the Job Skills Program; and (2) encourage businesses participating in the program to participate in workshops or training in continuous quality improvement, performance measurement, and strategic planning, to improve company productivity and effectiveness.

**EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Economic Development, Trade & Management):** Obsolete references are corrected.

**EFFECT OF CHANGES MADE BY RECOMMENDED SECOND SUBSTITUTE AS PASSED COMMITTEE (Ways & Means):** A \$6 million appropriation is deleted. Funding is subject to amounts included in the 2007-09 omnibus operating budget appropriations act.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony (Economic Development, Trade & Management):**  
PRO: The Job Skills Program is an incredibly valuable tool that allows small companies to grow; this bill will bring the program to scale and provide for additional outreach. This is highly customized training that leverages other resources. This will allow the training of between 3000 and 6000 workers. The program has made a significant difference in communities suffering job loss by stabilizing good paying jobs.

**Persons Testifying (Economic Development, Trade & Management):** PRO: Gary Livingston, Community Colleges of Spokane; Rich Hadly, Spokane Chamber; Jim McLaughlin, Lower Columbia College; Dave Johnson, Washington State Building and Construction Trade Council; Carolyn Cummins, State Board for Community and Technical Colleges; Wes Pruitt, Workforce Training and Education Coordinating Board; John Vicklund, WA Manufacturing Services.

**Staff Summary of Public Testimony (Ways & Means):** PRO: In the future, Washington employers and workers will have to be smarter to compete. There is an excellent return on investment from the job skills program, but last year 2,100 workers who could have been trained, weren't because of insufficient funding. The costs of doing business are going up all the time, due to energy and health care cost increases, so it is important for businesses and their employees to become continually more productive if they are to remain competitive.

**Persons Testifying (Ways & Means):** PRO: Senator Kastama, prime sponsor; Carolyn Cummins, State Board for Community and Technical Colleges; Joseph Volz, Attbar Inc.